

## AUDIT SUMMARY

Our audit of the Department of Criminal Justice Services for the year ended June 30, 1998 found:

- proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no material weaknesses in the internal control structure; however, we did identify one matter that we consider a reportable condition;
- no instances of noncompliance that are required to be reported; and
- adequate implementation of corrective action on the prior audit finding.

Our audit finding is discussed in the section entitled "Internal Control Finding and Recommendation."

### Trust Funds

The Department has two trust funds with large accumulated cash balances as of June 30, 1998. The *Intensified Drug Enforcement Fund* cash balance at June 30, 1998 is over \$5 million and should increase to almost \$9 million over the next three years. The fund uses fees collected by courts to help localities start drug enforcement programs. The Department's budget for the next three years decreases amounts allocated to these programs, although fee collection should remain constant.

Over the past two years, the *Crime Victims Trust Fund* has built up a cash balance of almost \$7 million. This is due, in part, to \$5 million in additional federal funding that was available in fiscal 1998. This fund uses fees collected by courts to provide victim assistance services, such as protection and financial assistance. The Department anticipates using some of this balance over the next several years as federal funds decrease and locality demand increases.

### Division of Forensic Science Caseloads

The Division of Forensic Science (DFS) has backlogs in forensic case testing. As of December 31, 1998, there were over 6,000 forensic cases waiting to be tested, half of which were over a month old. Management has taken steps to attempt to reduce the backlog of forensic cases. DFS has requested and received additional positions over the last several years; however, staff turnover and the lack of qualified applicants hinder resolving the backlog. DFS examiners try to improve efficiency by reducing testing of duplicate pieces of evidence and concentrating on the most conclusive pieces of evidence. The Division also has periods of compensated overtime for its examiners to help reduce case backlogs. The Division's goal is a 30-day turnaround on forensic cases.

DFS has also not been able to keep current with its DNA testing of convicted felons. As of December 31, 1998, the Division had received approximately 180,000 DNA samples for testing, but has only tested 30,000, leaving 150,000 untested samples. Management has taken steps to address this by increasing DNA personnel and updating DNA testing methods to increase their testing capacity. In addition, DFS contracted with an outside vendor to perform DNA analysis on some of the samples. DFS estimates they will eliminate the backlog of untested samples by 2001.

– T A B L E   O F   C O N T E N T S –

AUDIT SUMMARY

INDEPENDENT AUDITOR’S REPORT

INTERNAL CONTROL FINDING AND RECOMMENDATION

AGENCY BACKGROUND AND FINANCIAL INFORMATION

March 7, 1999

The Honorable James S. Gilmore, III  
Governor of Virginia  
State Capitol  
Richmond, Virginia

The Honorable Richard J. Holland.  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

### INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Department of Criminal Justice Services** for the year ended June 30, 1998. We conducted our audit according to the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Audit Objective, Scope and Methodology

Our audit's primary objectives were to review the Department's accuracy of recording financial transactions on the Commonwealth Accounting and Reporting System, adequacy of the internal control structure, and compliance with applicable laws and regulations. We also determined the status of the audit finding contained in our prior year report.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Department's operations. We also tested transactions and performed such other auditing procedures as we considered necessary to achieve our objectives. We reviewed the overall internal accounting controls, including controls for administering compliance with applicable laws and regulations. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances:

Revenue and Cash Receipts  
Expenditures

We obtained an understanding of the relevant policies and procedures for these internal accounting controls. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Department's policies and procedures were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations.

The Department's management has responsibility for establishing and maintaining an internal control structure and complying with applicable laws and regulations. The objectives of an internal control structure are to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are processed in accordance with management's authorizations, properly recorded, and comply with applicable laws and regulations.

Our audit was more limited than would be necessary to provide an opinion on the internal control structure or on overall compliance with laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of the internal control structure to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

### Audit Conclusions

We found that the Department properly stated, in all material aspects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Department records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System and the Department's records.

We noted a certain matter involving the internal control structure and its operation that we considered to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the Department's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial records. The reportable condition is discussed in the section entitled "Internal Control Finding and Recommendation." We believe the reportable condition is not a material weakness.

The results of our tests of compliance disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

The Department has taken adequate corrective action on the audit finding reported in the prior year.

This report is intended for the information of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

### EXIT CONFERENCE

We discussed this report with management at an exit conference held on June 4, 1999.

AUDITOR OF PUBLIC ACCOUNTS

## INTERNAL CONTROL FINDING AND RECOMMENDATION

### Improve Information Systems Security

The Department should improve information system security by performing a risk assessment, developing a contingency plan, and strengthening access controls.

- Risk Assessment

The Department has not performed a business impact analysis or a risk assessment as required by the Council on Information Management (CIM) Standard 95-1. The business impact analysis identifies all systems that contain sensitive information while the risk assessment provides a measure of the relative vulnerabilities and threats to each sensitive system. Completion of this process helps the Department institute security safeguards to effectively minimize potential future losses.

- Contingency Planning

The Department has not completed a contingency plan as required by CIM Standard 95-1. The plan should provide reasonable assurance that critical data processing support can continue, or resume within an acceptable time frame, if there is an interruption to the normal operations of the system.

Also, the Division of Forensic Science (DFS) stores its back-up tapes in its computer room. If an interruption in system operations occurs, back-up tapes are a crucial element in the restoration process. Back-up tapes should be stored in an off-site location so, in the event of a disaster, the tapes would be free from harm and could be used to restore the system.

- Access Controls

The DFS does not require users of all critical information systems to change their passwords regularly. The information on DFS systems is confidential and the Code of Virginia restricts access to the information. DFS should implement procedures to change passwords on a regular basis to reduce the risk of unauthorized access to this information.

Additionally, the Department does not have written policies and procedures defining standards for assigning access or performing program changes. Written policies and procedures help personnel in completing their assignment and understand the importance of established controls.

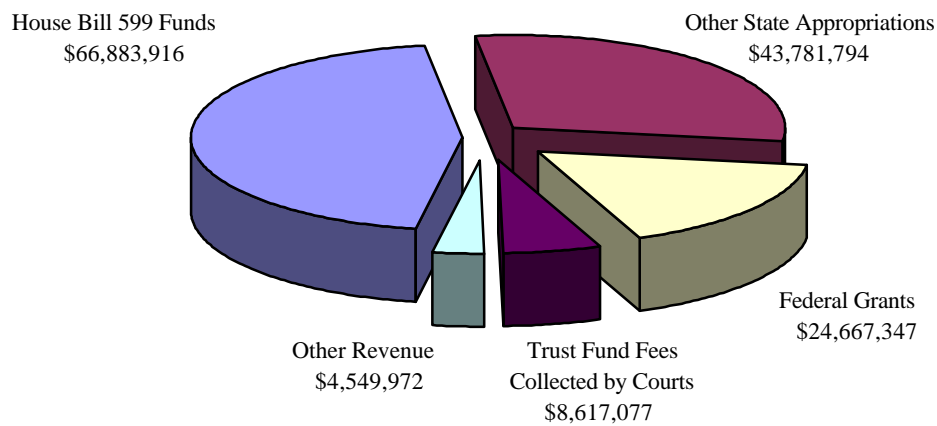
The Department should improve controls over information systems security by performing a business impact analysis and risk assessment; developing a contingency plan; requiring offsite storage for tape back-ups; requiring users to change passwords regularly; and developing standard policies and procedures. Improving controls will help protect sensitive information contained on the Department's systems by preserving data integrity and reducing the risk of data misuse.

## AGENCY BACKGROUND AND FINANCIAL INFORMATION

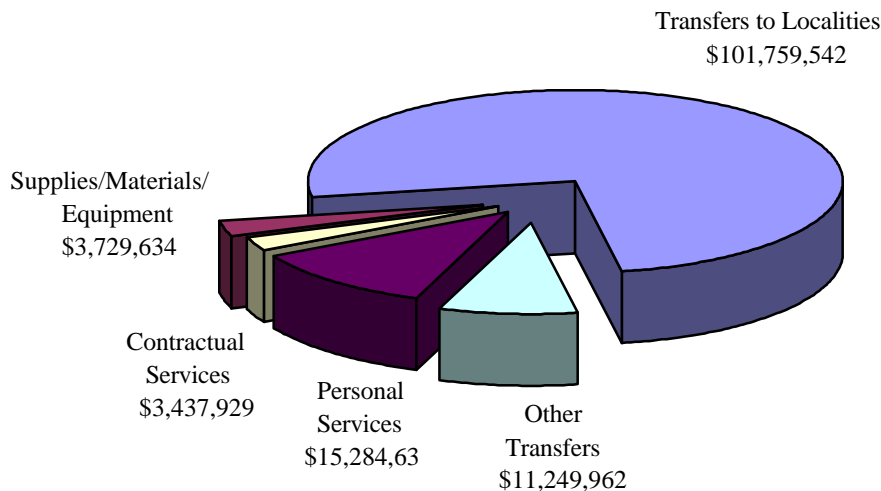
The Department of Criminal Justice Services provides operational and support services to local government to promote and enhance public safety. The Department provides educational programs, technical assistance, grant funding, and forensic laboratory services. The Department receives most of its funding from State appropriations and Federal grants. The majority of the State appropriations go to localities as part of the House Bill 599 program. This program provides assistance to localities with police departments in an effort to balance state financial aid to local law enforcement agencies. The Department also collects licensing and certification fees for private security firms, and administers several trust funds.

The following charts provide an overview of the Department's revenues and expenses in fiscal year 1998.

### Types of Revenue



### Types of Expenditures



The Department's budget for fiscal year 2000 includes an additional \$99 million in House Bill 599 funds to fully fund the House Bill 599 formula for localities with police departments.

### Trust Funds

*Intensified Drug Enforcement Fund* – This fund helps localities start drug enforcement programs. Courts collect a \$2 fee on certain convicted cases and deposit collections into this fund. The Department then allocates this money to localities based on applications received or at the direction of the Governor. Currently, the Department provides grants to 16 localities and funds “weed and seed” programs in five localities.

At June 30, 1998, this fund has a cash balance of over \$5 million and should increase to almost \$9 million over the next three years. The Department’s budget over the next three years does not include funds for any new grants. The budget does include continued funding for the “weed and seed” programs and money to establish drug court programs in two circuit courts. The following table shows actual and budgeted financial activity through fiscal year 2001.

	<b><u>1997</u></b> <b><u>(actual)</u></b>	<b><u>1998</u></b> <b><u>(actual)</u></b>	<b><u>1999</u></b> <b><u>(estimated)</u></b>	<b><u>2000</u></b> <b><u>(estimated)</u></b>	<b><u>2001</u></b> <b><u>(estimated)</u></b>
Beginning cash balance	\$3,644,689	\$4,265,679	\$5,047,334	\$6,348,229	\$7,598,229
Fees collected by courts	2,783,338	2,966,550	3,050,895	3,000,000	3,000,000
Expenses	<u>(2,162,348)</u>	<u>(2,184,895)</u>	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>(1,750,000)</u>
Ending cash balance	<u>\$4,265,679</u>	<u>\$5,047,334</u>	<u>\$6,348,229</u>	<u>\$7,598,229</u>	<u>\$8,848,229</u>

*Crime Victims Trust Fund* – Courts collect a \$3 fee on certain cases for deposit into this fund. The Department allocates these funds, along with federal funds, to localities for victim assistance services. Types of services provided include protection, financial assistance, and court assistance. Over the past two years, this fund has built up a cash balance of almost \$7 million. This is due, in part, to \$5 million in additional federal funding that was available in fiscal 1998. The Department anticipates using some of this balance over the next several years as federal funds decrease and locality demand increases. The following table shows actual and budgeted financial activity through fiscal year 2001.

	<b><u>1997</u></b> <b><u>(actual)</u></b>	<b><u>1998</u></b> <b><u>(actual)</u></b>	<b><u>1999</u></b> <b><u>(estimated)</u></b>	<b><u>2000</u></b> <b><u>(estimated)</u></b>	<b><u>2001</u></b> <b><u>(estimated)</u></b>
Beginning cash balance	\$2,789,354	\$5,476,275	\$6,994,212	\$6,781,334	\$5,710,334
Fees collected by courts	4,076,525	4,404,830	4,000,000	4,000,000	4,000,000
Expenses	<u>(1,389,604)</u>	<u>(2,886,893)</u>	<u>(4,212,878)</u>	<u>(5,071,000)</u>	<u>(7,300,000)</u>
Ending cash balance	<u>\$5,476,275</u>	<u>\$6,994,212</u>	<u>\$6,781,334</u>	<u>\$5,710,334</u>	<u>\$2,410,334</u>

The Department funds the victims assistance programs with court fees as well as federal funds. As mentioned above, federal funds available for these programs increased in fiscal year 1998 by over \$5 million. As a result, the Department has increased its services and programs for victims and witnesses as shown on the following page.

	<b><u>1997</u></b> <b><u>(actual)</u></b>	<b><u>1998</u></b> <b><u>(actual)</u></b>
Total funds available	\$7,866,525	\$14,079,830
Total funds spent	\$4,707,218	\$12,892,517
Number of grantees	58	92
Number of victims receiving direct services	29,681	34,533

*Criminal Justice Academy Fund* – Beginning in 1998, courts began collecting a \$1 fee on certain cases. The Department uses these fees to help pay for Justice Academies due to decreasing federal funds. The Department received \$1.2 million in fees in 1998 for allocation to Justice Academies in 1999.

*Asset Forfeiture Fund* – The Department records assets seized by local and state law enforcement agencies in drug-related investigations. Local agencies convert assets to cash and deposit it into this fund. The Department keeps 10 percent of the fund for administrative costs and returns 90 percent to the locality. The Department recorded approximately \$1.7 million in seized assets in fiscal 1998, and transferred approximately \$1.5 million back to localities.

### **Other Information**

The Department is managing the implementation of the Integrated Criminal Justice Information System (ICJIS) under the direction of the Secretary of Public Safety. This system will allow the sharing of information between the Departments of State Police, Motor Vehicles, Corrections, Juvenile Justice, the Supreme Court, and the Compensation Board. The ICJIS system will improve access to criminal history information, probation and parole reports, court disposition information, driving records, and other public safety information. System development and implementation should take six years at an estimated cost of \$20 million. The General Assembly has allocated \$1.5 million over the next two years to develop a model of the system to evaluate the technical feasibility of linking the agencies through an interface.

The Department reorganized in fiscal year 1998, including the addition of the Division of Forensic Science, previously a part of the Department of General Services. The Department now has three divisions: Forensic Science, Programs and Services, and Administration, and we discuss each division below.

#### **Division of Forensic Science**

The Division of Forensic Science (DFS) is a nationally accredited forensic laboratory. DFS provides forensic laboratory services to state and local law enforcement officials, medical examiners, local fire departments, and other state agencies. DFS examiners evaluate and analyze evidence, provide technical assistance and training, and provide expert testimony on crime scene evidence. DFS has a central laboratory in Richmond, and three regional laboratories in Fairfax, Roanoke, and Norfolk. The Norfolk regional lab will move into leased space in a new building in summer 1999 that is part of the Norfolk public health complex.



DFS's primary funding is General Fund appropriations. Over the past several years, the Division's appropriations and staffing levels have been steadily increasing as shown.

	<b>FY 1997 (actual)</b>	<b>FY 1998 (actual)</b>	<b>FY 1999 (budgeted)</b>	<b>FY 2000 (budgeted)</b>
State appropriations	\$11,898,180	\$15,774,649	\$19,950,788	\$21,543,909
Staffing level	168	186	192	208

The increase in appropriations and staffing levels in 1998 reflects the relocation of the DFS central laboratory into the Biotech II Building. With the relocation, the Division had to hire additional security and maintenance staff for the new building. In addition, the Division hired several more laboratory staff. The increase in appropriations and staffing levels in 1999 is due to a new contract to outsource some DNA testing and the hiring of additional DNA staff. The increases in 2000 are for the relocation of the Norfolk regional laboratory, which will increase the laboratory capacity and allow DFS to hire additional staff.

### **Forensic Cases**

One of the Division's primary responsibilities is examination and analysis of crime scene evidence. Currently, DFS receives evidence in over 55,000 cases each year. The Division's current staffing levels do not allow them to keep up with the evidence resulting in a backlog of cases. DFS examiners prioritize cases based on discussions with prosecutors and police. Currently, it takes an average of 50 days to complete a case. The following case statistics show the activity through December 31, 1998.

<b>Forensic Cases</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999 (through 12/31/98)</b>
Beginning backlog	3,715	5,115	6,909
Cases received	54,992	57,700	29,098
Cases completed	53,592	55,906	29,119
Ending backlog	5,115	6,909	6,888
Ending backlog over 30 days	2,024	3,042	3,421
Average days in system	33	44	50

DFS management has taken steps to attempt to reduce the backlog of forensic cases. The Division has requested and received additional positions over the last several years; however, staff turnover and the lack of qualified applicants hinder resolving the backlog. DFS examiners try to improve efficiency by reducing the testing of duplicate pieces of evidence and concentrating on the most conclusive pieces of evidence. The Division also has periods of compensated overtime for its examiners to help reduce case backlogs. The Division's goal is a 30-day turnaround on forensic cases.

### **DNA Samples**

The Division is required to perform a DNA analysis on blood samples of all convicted felons. These results go into a national database of DNA profiles to help in solving cases in other states. The Division has not kept up with the volume of DNA samples. As of December 31, 1998, the Division had received approximately 180,000 DNA samples for testing since the requirement became effective in 1989; however, the Division has tested only 30,000 samples, leaving 150,000 untested samples. In addition they continue to receive 20,000-25,000 new samples each year.

DFS management has taken steps to address these issues. They have increased DNA personnel and updated DNA testing methods to increase their testing capacity. DFS estimates they can analyze approximately 10,000 samples in-house each year. In addition, DFS contracted with an outside vendor to perform DNA analysis on some of the samples. The \$9 million contract was effective July 1, 1998 and covers three years. Under the contract, the vendor will test 50,000-60,000 samples each year. DFS estimates they will eliminate the backlog of untested samples by 2001. In addition, DNA examiners can focus more time on forensics analysis. The following chart shows DNA testing results since 1997. The increase in the number of samples tested through the first six months of 1999 reflects the new contract.

<b>Convicted Felon DNA Samples</b>	<b>FY 1997</b>	<b>FY 1998</b>	<b>FY 1999 (through 12/31/98)</b>
Samples received	19,540	26,140	11,771
Samples completed	2,448	4,665	21,957

### **Alcohol Breath Testing Program**

The Division also administers the Breath Alcohol Testing program, which the Department of Alcoholic Beverage Control funds. DFS trains and certifies law enforcement officers to operate breath alcohol testing equipment. The Division also certifies breath alcohol equipment throughout the state.

### **Division of Programs and Services**

The Division has eight sections: Crime Prevention and Enforcement, Standards and Training, Correctional Services, Victims Services, Private Security, Research Center, Juvenile Services, and Grants Administration.

- *Crime Prevention and Enforcement* manages the Comprehensive Crime Prevention Plan, school and youth safety, and crime prevention through environmental design. They also coordinate law enforcement agency accreditation, manage law enforcement grants, maintain the model policy manual for law enforcement agencies, and coordinate training in the areas of community policing and drug investigation and management.
- *Standards and Training* manages academy certification and funding, maintains criminal history record information, and monitors criminal justice personnel training. This section also provides job task analysis, jail personnel training, civil process training, and monitors training standards and the relevancy of training courses.
- *Correctional Services* is involved with a broad range of correctional issues inclusive of state and federal prisons, local and regional jails, state probation and parole, local probation and community-based corrections, pretrial services, and diverse correctional programs and services.
- *Victims Services* develops and supports crime assistance programs throughout the state. Using state and federal funds, the section currently has two discrete grant programs-the Victims/Witness (V/W) program and the V-STOP program. The V/W program supports programs in 101 localities and 3 statewide programs. The V-STOP program currently supports 121 state and local grant programs. They also provide a mentoring program to V/W staff, and training to local service providers and criminal justice officials. The staff monitors, assesses, and disseminates information about legislation and studies affecting crime victims.

- Private Security Services manages the licensing and regulation of private and electronic security industries including businesses, individual officers and investigators, and training schools. They maintain active records of approximately 30,000 security guards and businesses. This section also monitors training received by private security officers and investigates complaints against them. Private Security Services collects fees for business licenses, training schools, and individual certifications.
- The Research Center provides research and data support to task forces and commissions throughout the State, evaluates criminal justice programs, forecasts inmate populations, calculates and recommends allocation of the State's Financial Assistance to localities, as well as provides statistical reporting for the criminal justice community. The Technical Services section within Research and Development coordinates the integration of the criminal justice information systems at courts, law enforcement agencies, and the Department of Corrections, enforcing privacy and security standards over these systems. They also assist in linking local criminal justice databases with regional, state, and national information pools.
- Juvenile Services administers the planning, policy development and funding of juvenile justice and delinquency prevention initiatives funded by federal or state resources. Staff provide coordination, program support, technical assistance, training, and monitoring of programs designed to address juvenile justice improvement, delinquency prevention and programs to improve the investigation, prosecution and administrative and judicial handling of child abuse cases.
- Grants Administration administers state and federal grants, reviews grant requests, makes awards, and responds to sub-grantee inquiries. This section currently manages approximately 900 grants.

#### Division of Administration

The Division of Administration manages the Department's support activities including Human Resources, Finance, Procurement, Information Systems, Public Relations, and Office Services. The Finance section performs all fiscal management functions and prepares required state and federal reports. The Finance section also provides budgetary support for the Commonwealth Attorney's Services Council and fiscal management functions for the Department of Fire Programs.